

**The Head of Division**  
DEVELOPMENT CO-OPERATION DIRECTORATE  
Review, Evaluation & Engagement

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To: DAC Delegates and Observers

**Switzerland Mid-term Review, 30 August 2016, Bern**

Dear Colleagues,

On 30 August, I visited Switzerland to conduct its mid-term review, accompanied by Joëlline Bénéfice, Policy Analyst in the Development Co-operation Directorate. I would like to thank Ambassador Manuel Sager, Director General of the Swiss Agency for Development and Cooperation (SDC) and Ambassador Raymund Furrer, Head of Economic Cooperation and Development of the State Secretariat for Economic Affairs (SECO), for an excellent programme of meetings and discussions.

We met senior staff from SDC and SECO who shared views on how Switzerland is addressing the 2013 DAC peer review recommendations. Overall, I found that Switzerland has made considerable progress against the recommendations and that some challenges remain.

While the main objective of the mid-term review was to focus on the implementation of the DAC's recommendations, we also discussed changes in the national and international context for Switzerland's development co-operation since 2013. In particular:

- Switzerland drafted a new strategic framework for its development co-operation in the dispatch 2017-2020 to be approved by parliament late 2016. The dispatch is common to SDC, SECO and for the first time, the Human Security Division. It builds on Agenda 2030 and the 2013 peer review. It focuses on poverty, peace and sustainable development and sets out seven strategic objectives and two cross-cutting themes common to five framework credits.
- The international migration crisis has focused the attention of the Swiss parliament on the links between development and humanitarian co-operation and Swiss national interests in the area of migration. As a consequence, the new dispatch for 2017-2020 will pay more attention to the plight of refugees and the connections between humanitarian and development needs, especially in fragile contexts.
- The tightening of the federal budget will bring the target of gross national income (GNI) provided as official development assistance (ODA) from 0.5% to 0.48%, as approved by parliament. The Government announced it might cut the budget further during the budgetary process, bringing down further the aid to national income ratio by 2020.

**A cultural shift in favour of policy coherence**

Over the past years, the Swiss development co-operation underwent a clear cultural shift with increased awareness and efforts to address policy coherence for development across the administration, despite limited resources to promote the approach. This was led from the top, including with a strategic use of the sustainable development agenda to guide coherence.

Switzerland committed to policy coherence in strategic documents such as the Dispatch 2017-2020 and the Switzerland Sustainable Development Strategy 2016-2019 and has engaged in international dialogue, notably by launching with Finland a community of practice for monitoring policy coherence. It has also selected a limited number of key issues to monitor and SDC is in the process of developing a monitoring and reporting system. This monitoring system is, however, at too early a stage to be assessed. We discussed how including domestic policies and engaging federal departments beyond those involved in development co-operation in this exercise could improve the quality and relevance of such monitoring.

### **Increased efforts to mobilise additional funding and expertise for development**

Building on SECO's comparative advantage on economic policy issues to maximise private investments, Switzerland recognises that partnerships with the private sector can help both SDC and SECO achieve their specific objectives and development goals.

One of the objectives of the new dispatch on international co-operation is to increase the number of public-private partnerships to mobilise additional funding and expertise. Indeed, public-private partnerships have proven effective in mobilising technical expertise from the private sector and in replicating innovation in different countries. We discussed how Switzerland could make sure that innovation is systematically scaled up. This would be a logical next step from the pilot approach Switzerland seems to be pursuing.

SDC is currently conducting a baseline analysis to better understand the added-value of the different public-private partnerships and how it could double their number. Once the baseline study is finalised, SDC recognizes that they will have to adapt and develop new tools to engage in these partnerships in an efficient manner.

### **Limited geographical concentration but efforts to increase the sectoral concentration**

The new dispatch provides a clear rationale for entering and exiting partner countries, entering in regional programmes in Eastern countries, and addressing humanitarian crises as recommended in the 2013 peer review. However, despite the recommendation to increase geographical concentration, Switzerland's bilateral development co-operation is still dispersed. For instance, in 2014, 25% of bilateral ODA went to the top 20 recipients compared to a DAC average of 46%. According the new dispatch, Switzerland will remain active in the same number of countries and territories, with 43 priority partners.

Switzerland explains such geographical dispersion by the principle of universality of its diplomacy and the Swiss institutional setting for development co-operation. It is indeed organised around credit frameworks targeting different sets of partners: mostly least developed countries (LDCs) and fragile countries in the technical and financial co-operation programme, middle income countries (MICs) in the economic and trade programme and Central and Eastern countries in the transition programme. In the new dispatch, Switzerland is taking some steps to be more focused. In line with its objective of addressing fragility and the root causes of migration, SDC plans to focus 55% of its bilateral support in Africa and the Middle East - compared to a previous target of 45%. SECO will reduce the number of priority partners from nine to five. It is also expected that joint co-operation strategies between SDC and SECO in Central and Eastern Europe will increase concentration and complementarities.

We discussed how thematic concentration within countries could help Switzerland increase its impact and build on its comparative advantages. In each priority country, SDC will allocate 90% of its support to a maximum of three sectors, or four in countries where both SDC and SECO are present. One of these sectors will be a global theme, increasing further Switzerland's thematic focus. Achieving this target will, however, require firm actions from management. Indeed, until 2014, SDC was active in six sectors per country with limited budget concentration. Regional programmes should also facilitate economy of scale by addressing challenges across countries. The next peer review will look more in depth at how Switzerland is achieving concentration in practice.

Switzerland continues to have a strategic vision for its multilateral support, providing funding to only 15 organisations with a view to maintaining a high level of influence in each organisation in order to trigger systemic changes. In addition, its non-core funding is aligned to the strategies of its multilateral partners as well as to Swiss priorities.

### **Settling organisations, with remaining challenges to retain specialists**

In 2013, SDC's human resources management and communication services had just been integrated into the central services of the Federal Department of Foreign Affairs. After initial concerns regarding the efficiency and effectiveness of the reform, the integration has proven useful in improving the understanding of development and diplomacy across the administration and providing a mix of skills in embassies, in line with the integrated foreign policy and development agenda. Good progress has also been made in clarifying roles and responsibilities as recommended in 2013.

While development remains a specific career path, the deeper integration has left SDC with difficulties in building and maintaining technical expertise. The internal working group on thematic career paths within the overall development career is still developing recommendations. In addition, personnel costs are under high pressure: 39 "Swiss staff" positions will be cut in SDC in the coming year due to budget reductions. Some generalists will have an opportunity to temporarily join the diplomatic career but it remains unclear how technical expertise will be retained in the Federal Department of Foreign Affairs. In addition, these budget reductions might create tensions with the new development objectives as SDC is expected to engage more in fragile states where staff costs are higher.

SECO is facing similar challenges with retaining expertise as the small size of the structure gives limited opportunities for career development. In line with the 2013 recommendation, current efforts to decentralise programming responsibilities to country offices have created new positions in the field and therefore new incentives for staff. The decentralisation and increase in local hires improved the quality of the programme. Projects are better tailored to national contexts, new partnerships have been built and ownership is increasing.

### **A whole-of-government approach supporting joint programming**

The integrated strategy developed in the current and future dispatch is the backbone for integrated country strategies. Joint context analysis and selection of instruments are fairly mainstreamed, the majority of country strategies are based on a whole-of-government approach, and co-operation with Eastern countries already integrate both SDC and SECO. In these countries, as well as in North Africa, synergies with other Swiss actors, especially with the Human Security Division and the State Secretariat for Migration, are systematically promoted. We noted that despite progress in joint planning more efforts could be made to jointly manage and report on the development programme.

### **Using country systems remains a challenge**

Only 43.7% of Switzerland bilateral ODA is programmed at country level and the share of project-type interventions – which are delivered by parallel implementation units – increased from 49% of bilateral aid to 57% since the last peer review. This approach may be affecting how Switzerland uses partner country systems. However, it is a positive sign that the role of the implementation units is evolving. Now embedded in the organisational structure of partner countries, these units are moving from implementation towards advisory or technical assistance roles. We discussed how the current trend towards a more programme-based approach in Eastern European and transition countries could increase the use of country systems. Current efforts to produce guidance on how to use of country systems and select the proper instruments can help staff put Switzerland's commitments into practice. Finally, as SDC will increase its support in fragile states, it will have to calibrate instruments against the assessed level of fiduciary risk and its appetite for risk and to integrate efforts to strengthen country systems in a targeted way.

## **An institutionalised results culture**

Switzerland is building on a solid use of results information at project and country level to develop a corporate framework. At country level, yearly reporting and capitalisation workshops provide useful results information to guide the implementation of country strategies, even though discussions on lessons could be developed further. At corporate level, the new dispatch identifies a series of effectiveness objectives describing the expected outcomes. A list of standard output indicators is also being developed in relation to these objectives. It will be interesting to see in the next peer review how these indicators are used, for which purposes and if they facilitated joint reporting on results beyond outputs and processes.

## **A possible leading role for the implementation of the Grand Bargain**

SDC's humanitarian programme is focused on four priority areas: protection of civilians, water, sanitation and hygiene, gender-based violence and disaster risk reduction. While two-thirds of the budget remains dedicated to emergency relief, Switzerland is strengthening the links between relief, rehabilitation and development. In 2015, the Federal Council allocated an additional funding of CHF 70 million in 2015 and 2016 to humanitarian aid in response to the growing humanitarian needs in and around Syria, Iraq and the Horn of Africa. For the period 2017-2020, the humanitarian budget will increase by CHF 120 million to give Switzerland more flexibility for emergency relief. We welcomed SDC's decision to progressively untie the remaining part of humanitarian budget tied to Swiss dairy products.

Switzerland engages actively in international fora as evidenced by its involvement in the 2016 World Humanitarian Summit leading to the Grand Bargain agreement. It is now supporting its implementation by being part of the Grand Bargain's Facilitation Group. It implements its aid following the Good Humanitarian Donor principles, especially in terms of core funding and light reporting requirements. Numerous secondments improved dialogue with multilateral partners, both at technical and policy levels. Switzerland is, therefore, in a good position to take a leading role in implementing the Grand Bargain.

## **Conclusion**

Switzerland has made significant progress with respect to a better understanding of policy coherence, increased co-ordination and synergies within the administration and with partners. The new dispatch for international co-operation clearly reflects the new development agenda and the recommendations made during the 2013 peer review. Switzerland's development co-operation programme, however, still faces challenges with a decreasing aid budget, difficulty to retain technical expertise and limited concentration. Further efforts to increase joint reporting on results would also improve learning and accountability.

Finally, I wish to thank Ms. Catherine Cudré-Mauroux from SECO and Mr. Laurent Torche from SDC for organising a most productive and enjoyable day of discussions in Bern.

Yours sincerely,



Karen Jorgensen

CC: Ms. Charlotte Petri Gornitzka, DAC Chair  
Mr. Mario Pezzini, Director, Development Centre and Director (a.i.), Development Co-operation Directorate